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TO RUEHC/SECSTATE WASHDC IMMEDIATE 9312  
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INFO RUFOADA/JAC MOLESWORTH AFB UK  
RUEKJCS/SECDEF WASHINGTON DC  
RUCPDO/DEPT OF COMMERCE WASHDC  
RHMCSUU/DEPT OF ENERGY WASHINGTON DC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEAIIA/CIA WASHINGTON DC  
RHEFDIA/DIA WASHINGTON DC

UNCLAS SECTION 01 OF 02 LAGOS 000562

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DOE FOR GPERSON, CGAY  
TREASURY FOR ASAEED, SRENENDER, DFIELD5  
COMMERCE FOR KBURRESS  
STATE PASS USTR FOR ASST USTR FLISER  
STATE PASS TRANSPORTATION FOR MARAD  
STATE PASS OPIC FOR ZHAN AND MSTUCKART  
STATE PASS TDA FOR EEBONG, PDAVIS  
STATE PASS EXIM FOR JRICHTER  
STATE PASS USAID FOR GWEYNAND AND SLAWAETZ

E.O. 12958: N/A

TAGS: [EPET](#) [ENERG](#) [PGOV](#) [NI](#)

SUBJECT: LAGOS SUPPORT PLATFORMS FOR DEEPWATER OIL AND GAS  
OPERATIONS UNDER WAY

[1](#)1. Summary: ExxonMobil, Chevron and Shell have called for creation in Lagos of a modern industrial and support services base to support their deepwater exploration, construction and production. Deepwater oil and gas expenditures in Nigeria currently total USD 10 billion per year. Two companies bidding to provide such a base are Skillbase, a Jagal Group subsidiary, and Lagos Deep Offshore Logistics Base (LADOL). End Summary.

Deepwater Integrated Support Center  
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[1](#)2. Tom Cardale, Managing Director, Skillbase, gave Carolyn Gay, Policy and International Relations Office of the U.S. Department of Energy and Pol-Econ Chief a tour of the Jagal Group's Deepwater Integrated Support Center (DISC) on July [1](#)9. Upstream offshore oil and gas expenditures in Nigeria currently average USD 12 billion per year, with the deepwater sector accounting for USD 10 billion of that total, Cardale said. Chevron, ExxonMobil and Shell have called for the creation of a modern industrial and support services base, focused on deepwater technologies and services, in Lagos, Cardale said. DISC/Skillbase/Nigerdock is among the companies bidding for the contract. Lagos and Port Harcourt, where support services for on-shore and shallow water service providers are based, are equidistant from the deepwater fields. Companies hope to avoid the security problems faced by oil company workers in Port Harcourt by operating out of Lagos, Cardale said.

[1](#)3. DISC will be operated by Skillbase, a Jagal Group subsidiary. Jagal owns the Nigerdock shipyard and fabrication facility, located on four kilometers of Snake Island, near the Tin Can Island Port, that forms the core of the DISC facility. Nigerdock facilities include a floating dock and drydock, a repair quay, shipbuilding and offshore fabrication workshops and multipurpose workshops, and will be expanded to allow it to service Floating Production, Storage and Offloading (FPSO) vessels. Skillbase will also expand existing housing, offices, open storage areas, container

yards and warehouses. DISC is located within a Free Trade Zone which provides duty free import and export, on-site customs processing, import/export license exemptions, exemptions from corporation taxes, exemptions from quotas on expatriate workers, repatriation of foreign capital, profits and dividends, and prohibition of strikes. Plans are to serve the DISC facility will be served via high speed ferries and on-island minibus service.

¶4. The Jagal Group, headed by Anwar Jarmakani, has been in existence for 40 years. In 2003, the group acquired the state-owned Nigerdock facility. Nigerdock constructed mooring buoys for the Shell Bonga and ExxonMobil Erha fields as well as structures for Chevron's Agbami FPSO and Escravos Gas projects.

#### Lagos Deep Offshore Logistics Base

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¶5. On July 10, Econoff and Econspec met with Dr. Amy Jadesimi, Deputy Chief Executive officer and Chief Financial Officer of Lagos Deep Offshore Logistics Base (LADOL) and Lagos Integrated Logistics Enterprise (LILE). LADOL was established in 2000 by Global Resource Management Ltd (GRML), which manages the facility. A free trade zone was also established at the LADOL site in 2006. LADOL has a total area of 120 hectares, five of which were developed in Phase I of the project. LILE expects that 30-40 hectares will eventually be used for its own logistics business and the remaining area will be available for investors. Phase I, which required an investment of USD 40 million, involved construction of a quay for offloading two vessels at a time, quayside facilities for ocean-going vessels, facilities for

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installation of a water, fuel and dry bulk pipelines, a water treatment plant, warehouse and covered storage areas, office buildings and a sewage treatment system. Subsequent phases will include construction of a health clinic, establishment of a security service, purchase of ferries and helicopter access areas, construction of permanent housing and leisure and restaurant facilities. According to Jadesini, LILE has met the requirements for ISPS certification and expects to receive certification in August.

¶6. Carolyn Gay cleared this cable.  
MCCONNELL